

STATE OF UTAH
NATURAL RESOURCES
Oil, Gas & Mining

Norman H. Bangerter, Governor
Dee C. Hansen, Executive Director
Dianne R. Nielson, Ph.D., Division Director

355 W. North Temple • 3 Triad Center • Suite 350 • Salt Lake City, UT 84180-1203 • 801-538-5340

October 11, 1985

Ms. Gladys Linschoten
State Treasurer's Office
Room 215 State Capital Building
Salt Lake City, Utah 84114

Dear Ms. Linschoten:

RE: Bond Replacement, Western Clay Company, Redmond Bentonite
Pit, ACT/041/012, Sevier County, Utah

Western Clay currently has sureties held by the Division of Oil, Gas and Mining in the custody of your office for the Redmond Bentonite Pit in the amount as follows:

1. Time Certificate of Deposit Number [redacted] or
\$1,000.00 from Zions First National Bank.

The Division has received an irrevocable letter of credit in the amount of \$17,600.00 from Western Clay to cover this amount held by the Division plus an additional bond amount for modifications to their permit. This irrevocable letter of credit will be held by the Division of State Lands and Forestry as surety for the operation. See attached copy of letter of credit.

You are hereby authorized to release the above certificate of deposit to Minerals Recovery Corporation.

Sincerely,

L. P. Braxton

L. P. Braxton
Administrator
Mineral Resource Development
and Reclamation Program

JRH:jvb
Enclosure
cc: P. Grubaugh-Littig
R. Harden
1011R-47

**ZIONS
FIRST NATIONAL BANK**

ESTABLISHED 1873

INTERNATIONAL BANKING DEPARTMENT

P.O. Box 30709

Salt Lake City, Utah 84130 U.S.A.

Telephone: 801/524-4916

Telex: 389-437 Answerback: INTBKZIONS SLC

IRREVOCABLE LETTER OF CREDIT

Utah State Land and Forestry
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180

DATE: September 27, 1985

LETTER OF CREDIT NO.:

Gentlemen:

We hereby establish our Irrevocable Letter of Credit in your favor for the account of Western Clay Company, a Corporation 508 East Center, Aurora, Utah 84620 up to the aggregate amount of \$17,600.00** available by your draft(s) drawn at Sight on Zions First National Bank, Salt Lake City, Utah accompanied by

1. A statement purportedly signed by an official of Utah State Land and Forestry as follows: "We certify that our draft in the amount of \$ (amount of draft) is being drawn relative to Redmond Bentonite Pit, Utah ML1937."
2. Partial drawings are permitted.

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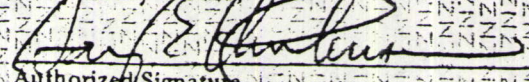
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We hereby agree with drawers, endorsers and bona fide holders that all drafts drawn under and in compliance with the terms of this credit will be duly honored upon presentation and delivery of documents as specified to the drawee if drawn and presented for negotiation on or before September 4, 1986 at our bank.

The Amount and Date of Each Negotiation Must Be Endorsed on the Back Hereof by the Negotiating Bank.

This Credit is Subject to the Uniform Customs and Practice for Documentary Credits (1983 Revision), International Chamber of Commerce, Publication No. 400.

Very Truly Yours,



Authorized Signature